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The Director of Central Intelligence Washington, D.C. 20505



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National Intelligence Council

NIC 04454-86 24 September 1986

MEMORANDUM FOR:

Director of Central Intelligence

Deputy Director of Central Intelligence

VIA:

National Intelligence Officer for Warning

FROM:

Assistant National Intelligence Officer for NESA

SUBJECT:

Warning and Forecast Report for Near East and South Asia

The NESA warning meeting for September considered two topics, Iranian preparations for an offensive and the implications of the Israeli rotation of prime ministers in October.

- Iran-Iraq War: The Upcoming Offensive. Iran is preparing for a major offensive. CIA expects it to be kicked off in the late September-early October timeframe. Indicators that have already been tripped include:
  - Iranian rhetoric. Tehran has been touting its final offensive for months. The September-October timeframe has some symbolic importance, adding to the weight of the rhetoric. The Shia holy month of Muharram spans this period. September 22-28 marks a week of Iranian ceremonies commemorating the war's sixth anniversary, culminating on 28 September with the "Day of the Islamic Revolution in Iraq."
  - The training period for the large mobilization that took place over the summer is nearing completion.
  - A number of logistics preparations have been noted at the front and in rear areas.

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The community agrees that Iran may well fight this offensive differently by launching a series of smaller attacks, not a single large push. Attacks in the north probably would be diversionary, and Tehran would hope that Iraq would spread its forces thin enough that Iran would be successful in a larger push in the South. CIA believes that such an Iranian move in the south has a just less than even chance of success, even less if Iraq does not fall for the diversions in the north.

The community believes there is one major Iraqi shortcoming in preparing to face the offensive. Baghdad is making virtually no effort to directly harass Iranian offensive preparations. Aside from this, recent battlefield successes have boosted Iraqi morale as have the intensified Iraqi attacks against economic targets.

DIA made some dissenting points:

- -- A recent DIA study concludes that Iran does not have enough ammunition to sustain an offensive, leaving two choices for Tehran: an offensive that fails or no offensive (but perhaps some small probes).
- -- Due to this and extensive Iranian logistics problems, the Iranian chance of success is far less than even.

A final warning note: The domestic impact in Iran of a failed offensive is potentially greater this year because of higher public expectations for a decisive victory in 1986.

- 2. The Rotation in Israel. The community expects no major change in Israeli policies or politics when Shamir replaces Peres as Prime Minister in October as part of the National Unity Government (NUG) agreement.
  - -- The rest of the cabinet remains intact--only Peres and Shamir trade places--including the balance and composition of the ten-member inner cabinet.
  - -- Both Labor and Likud agree on major policy issues--Lebanon, terrorism, the economy.

Shamir and Peres (and their parties) do disagree on peace process issues, however, and while the constraints on the NUG limit the maneuverability of either, the US and the Arab world will notice a hardening on Arab-Israeli issues:

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-- Shamir is less inclined to create an atmosphere for improved relations with Egypt.

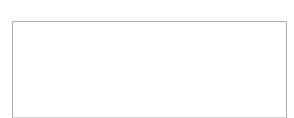
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- -- Shamir will be less flexible on peace process modalities, such as an international conference.
- -- Shamir will voice more support for settlements and may allow or encourage a thickening of current settlements.
- -- The change to a more bellicose Shamir is potentially most dangerous in the Israel-Syria arena. During periods of rising tensions earlier this year that could easily have led to hostilities, Peres went out of his way to calm the situation. Shamir is less likely to be a calming influence in tense situations.
- -- Quality of life projects for West Bank Palestinians will be harder to obtain under Shamir. He will seek to avoid "creating facts" that may eventually lead to territorial compromise.

The community does expect the coalition to survive until 1988, primarily because neither party is strong enough to form a government alone. Also, because of the coalition's popularity, should one party intentionally undermine the government, that party would probably lose some public support.

A wild card that could upset the coalition is the Herut leadership struggle, which is never far from the surface. There is some disagreement in the community over the impact of Herut's problems:

 DIA stresses (and CIA disagrees) that the Herut squabble will have a
paralyzing effect on Shamir's leadership and will boost Peres' image
as a result.



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The following components attended the NIO/NESA September Warning Meeting:

## External

NSA State/INR/NESA DIA/DE-4 DIA/AT-6 DIA/JSI-5A Army/ACSI Army/ITAC OVP

## <u>Internal</u>

ISA/PRD LDA/PPD CRES/IRC OIR/DB NIC/AG FBIS/NEAD/SA FBIS/DRD/MESA FBIS/NEAD/AEI FBIS/AG NPIC/IEG O/NIO/Warning NE/ARN NESA/PG NESA/PG/I NESA/I NESA/AI/I DDI/NESA DDI/OGI

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